

VZCZCXRO3590
RR RUEHAG RUEHDF RUEHIK RUEHLZ RUEHROV
DE RUEHMD #1123/01 2981538
ZNR UUUUU ZZH
R 241538Z OCT 08
FM AMEMBASSY MADRID
TO RUEHC/SECSTATE WASHDC 5483
INFO RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHLA/AMCONSUL BARCELONA 3617
RUEATRS/DEPT OF TREASURY WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC

UNCLAS SECTION 01 OF 02 MADRID 001123

SENSITIVE
SIPDIS

STATE FOR EUR/WE, EEB/IFD/OMA
COMMERCE FOR 4212/DON CALVERT
TREASURY FOR IA/OEE: W.LINDQUIST

E.O. 12958: N/A
TAGS: [ECON](#) [EFIN](#) [EINV](#) [PGOV](#) [PREL](#) [TSPA](#) [SP](#)
SUBJECT: MADRID ECONOMIC WEEKLY, OCT. 20-24

REF: A. MADRID 1105
[1](#)B. MADRID 1101
[1](#)C. MADRID 1080

MADRID 00001123 001.2 OF 002

CONTENTS:

ECON/PGOV:GOS Pulling Out All Stops for invitation to Global Financial Summit

ECON/PGOV: GOS Sidesteps Attempts by Opposition Partido Popular to Derail its 2009 Budget Proposal

EINV/EFIN: Argentine Plan to Nationalize Private Pensions Causes Madrid Stock Market to Plunge

EFIN/EINV: GOS Intends to Support Bank Asset Purchase Program Via Gulf States SWFs

TSPA: NASA and Spanish Space Agency Celebrate Cooperation at Madrid Deep Space Tracking Station

GOS Pulling Out All Stops for Invitation to Global Financial Summit

[1](#)1. (SBU) The hot topic for much of this week has been President Zapatero's failure to be invited to the upcoming global financial summit and GOS efforts to secure an invitation (ref A). Media reported October 24 that the government is reaching out "in every direction to the entire world at all levels." Coverage has included versions of Ambassador Dezcallar's meeting with Deputy Treasury Secretary Kimmit and FM Moratinos's telcon with the Secretary. Zapatero, during a last-minute visit to China, reportedly pressed his case with the GOC, and there is talk of overtures to Brazil as current president of the G-20. According to some reports, King Juan Carlos is also trying to use his prestige to ensure Spain's inclusion. The opposition Partido Popular (PP) supports Spain's participation in the summit, but also blames the failure to invite Spain on international perceptions that Zapatero is not a serious leader. Some press reports suggest that the relationship between President Bush and Zapatero is not helping Spain's chances. (All media, October 22-24)

GOS Sidesteps Attempts by Opposition Partido Popular to Derail its 2009 Budget Proposal

[1](#)2. (U) On October 22, the ruling PSOE successfully blocked attempts by the opposition Partido Popular to secure

legislative rejection of the 2009 proposed budget. During the Parliament's budget debates, opposing parties proposed a total of five "rejection amendments" which would have forced the GOS to completely reformulate the budget. With 169 parliamentarians, the ruling Socialist Party (PSOE) was seven votes short of a majority needed to block these amendments. However, with offers to improve infrastructure investment in Galicia and the Basque region, the PSOE was able to gain eight supporting votes from the National Galician Bloc (BNG) and National Basque Party (PNV), traditional allies in the budget process. The proposed 2009 budget envisions a 2 percent increase over 2008 with a deficit projected at 1.5 percent of GDP. It places particular emphasis on social spending and investment in infrastructure and research and development. Having avoided being sent back to the drawing board, the bill will now be subject to piecemeal amendment proposals. It is expected to be approved in its entirety and signed in the last week of December in time to take effect January 1, 2009.

Argentine Plans to Nationalize Private Pensions Causes Madrid Stocks to Plunge

13. (U) The Madrid Ibex 35 Index fell by more than 8 percent October 22, its second-worst day of the year, followed by an additional 2 percent decline October 23 and another 7 percent fall through mid-afternoon of the 24th, after news that Argentina planned to nationalize private pension funds. Spain is the largest foreign investor in Argentina. Its second-largest bank, Bilbao Vizcaya Argentaria (BBVA), is running one of the pension funds to be nationalized. Based on fears that the GOA might engage in further nationalization, stocks of energy giant Repsol fell by 15 percent, BBVA and Banco Santander by 8 percent, and Telefonica by 9 percent. Another large Spanish investor,

MADRID 00001123 002.2 OF 002

Grupo Marsans, continues to negotiate with the government over the re-nationalization of Aerolineas Argentinas. (All media, October 23-24)

GOS Intends to Support Bank Asset Purchase Program Via Gulf States SWFs

14. (U) On October 20, the Parliament approved the GOS bank support package (ref C), under which the GOS initially will spend between 10 and 20 billion euros, beginning in November, to buy high-quality bank assets. The GOS will finance the purchases, which could eventually total 50 billion euros, by offering public debt to sovereign wealth funds from Gulf Cooperation Council member states, according to Minister of Industry, Tourism, and Trade Miguel Sebastian. (All media, October 21)

NASA and Spanish Agency Celebrate Cooperation at Madrid Deep Space Tracking Station

15. (U) On October 21, officials of NASA and its Jet Propulsion Laboratory (JPL) traveled to Robledo de Chavela, located in the mountains about an hour northwest of Madrid, to visit the Madrid Deep Space Communications Complex (MDSCC) as guests of the Spanish National Institute of Aerospace Technology (INTA). One of three such stations in the world - the others are in Canberra, Australia and Goldstone, California - MSDCC provides critical tracking and communications support for NASA's deep space missions, as well as training for communications professionals. Its four large satellite dishes, of which the largest is 70 meters in diameter, send and receive transmissions to and from satellites orbiting the earth and space vehicles on a variety of missions. The ceremony marked the station's transition from outmoded gas generators to commercial power and was attended by representatives of the Madrid regional government and the Mayors of several nearby towns. The NASA-INTA partnership offers an excellent example of constructive bilateral cooperation. (Embassy Madrid)

